



### **What is the Discretionary Capital Outlay Levy?**

The Discretionary Capital Outlay Levy, formerly known as "Two-mill" money, is a statutorily authorized discretionary property tax that school boards may levy without approval of the electorate.<sup>1</sup> The 2008 Legislature decreased the maximum levy from 2.00 to 1.75 mills.<sup>2</sup> (A corresponding increase was made to the Florida Education Finance Program (FEFP) Required Local Effort operating millage)<sup>3</sup>. The 2009 Legislature decreased the maximum levy from 1.75 to 1.5 mills<sup>4</sup>, (a corresponding increase was made to the Florida Education Finance Program discretionary operating millage)<sup>5</sup>.

### **What is a "mill"?**

One mill represents a 1/1000 or .001 tax on property. A one-mill levy provides \$1 in tax revenue for every \$1,000 in taxable property. One mill levied against property valued at \$100,000 would generate \$100 in property tax revenue.<sup>6</sup>

### **For what purposes may proceeds from the Discretionary Capital Outlay Levy be used?**

Discretionary Capital Outlay Levy revenue may be used for:<sup>7</sup>

- ❖ New construction and remodeling projects included in the district's educational plant survey.
- ❖ Maintenance, renovation, and repair of school plants or leased facilities to correct deficiencies. Purchase, lease-purchase, or lease of school buses.
- ❖ Purchase, lease-purchase, or lease of new and replacement equipment.
- ❖ Payments for educational facilities<sup>8</sup> and sites due under a lease-purchase agreement not exceeding in the aggregate, an amount equal to three-fourths of the proceeds from the

<sup>1</sup> Section 1011.71(2), F.S.; see also s. 1013.31, F.S.

<sup>2</sup> Section 10, ch. 2008-142, L.O.F.; see Florida Education Finance Program (FEFP) Fact Sheet.

<sup>3</sup> [http://myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees & CommitteeId=&Session=2008&DocumentType=Budget%20Conference%20Documents& FileName=FEFP%20CONFERENCE%20REPORT%202008-09%200CR.pdf](http://myfloridahouse.gov/Sections/Documents/loaddoc.aspx?PublicationType=Committees&CommitteeId=&Session=2008&DocumentType=Budget%20Conference%20Documents&FileName=FEFP%20CONFERENCE%20REPORT%202008-09%200CR.pdf).

<sup>4</sup> Section 10, ch. 2008-142, L.O.F.; see Florida Education Finance Program (FEFP) Fact Sheet.

<sup>5</sup> Florida House of Representatives, *Conference Report on Public School Funding – The Florida Education Finance Program (FEFP)*, 4 (May 5, 2009), available at 2008 regular Session Budget Conference Documents at <http://www.myfloridahouse.gov/Sections/Documents/publications.aspx>.

<sup>6</sup> Section 192.001(9)-(10), F.S.

<sup>7</sup> Section 1011.71(2), F.S.

<sup>8</sup> Section 1013.01(6), F.S.

millage levied by a district; Certificates of Participation (COPS) are the most frequent type of lease-purchase agreement employed by districts.<sup>9</sup>

- ❖ Payment of loans that are renewed annually with the consent of the lender and are for a period not to exceed four years for the purpose of the purchase of school buses, land, and equipment for educational purposes or to address an emergency condition in an existing school plant that demands immediate correction in order to prevent further damage to the building or equipment or to eliminate a safety hazard that constitutes an immediate danger to the students and other occupants.<sup>10</sup>
- ❖ Payment of costs directly related to complying with state and federal environmental statutes, rules, and regulations governing school facilities.
- ❖ Rental or lease of existing buildings or for conversion of these buildings for use as educational facilities.<sup>11</sup>
- ❖ Payment of the cost of school buses when a school district contracts with a private entity to provide student transportation services.
- ❖ Opening day collection for the library media center of a new school.

A school board may use up to \$100 per FTE of Discretionary Capital Outlay Levy revenue for certain other purposes, provided the school district has met the reduction requirements regarding class size for K-12 students for whom the district provides the educational facilities and administers the educational program. The school board must certify to the Commissioner of Education that all of the district's instructional space needs for the next 5 years can be met from capital outlay sources that the district reasonably expects to receive during the next 5 years or from alternative scheduling of construction, leasing, rezoning, or technological methodologies that exhibit sound management. These purposes include:

- ❖ The purchase, lease-purchase, or lease of driver's education vehicles, motor vehicles used for the maintenance or operation of plants and equipment, security vehicles, or vehicles used in storing or distributing materials and equipment.
- ❖ Payment of the cost of premiums for property and casualty insurance necessary to insure school district educational and ancillary plants. Operating revenues that are made available through the payment of property and casualty insurance premiums may be expended only for nonrecurring operational expenditures of the school district.<sup>12</sup>

### ***Do all school districts levy the full one and one-half mills?***

No. School districts have the option, but are not required, to levy up to one and one-half mills.<sup>13</sup> In the FY 2009-2010, 47 districts levied the full one and one-half mills; 18 districts levied between 0.300 and 1.499 mills (Alachua, Bay, Bradford, Calhoun, Collier, Escambia, Franklin, Glades, Gulf, Hardee, Hendry, Highlands, Monroe, Nassau, Putnam, Santa Rosa, Seminole, and

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<sup>9</sup> See s. 1013.15, F.S.

<sup>10</sup> Section 1011.15, F.S.

<sup>11</sup> Section 1013.15(4)(a), F.S.

<sup>12</sup> Section 1011.71(4), F.S.

<sup>13</sup> Section 1011.71, F.S.; see also s. 1013.31, F.S.

Walton); and 2 districts did not authorize this levy (Holmes and Jackson).<sup>14</sup> How much revenue will the Discretionary Capital Outlay Levy generate?

An estimated \$2.2 billion was generated by the Discretionary Capital Outlay Levy in FY 2009-10, as summarized in the table below.<sup>15</sup>

<b>School District</b>	<b>2009-10 Millage</b>	<b>2009-10 Estimated Revenue in dollars</b>
Alachua	1.2500	16,248,904
Baker	1.5000	1,276,732
Bay	1.1730	19,506,351
Bradford	1.2500	1,122,873
Brevard	1.5000	52,523,866
Broward	1.5000	226,697,736
Calhoun	1.0500	394,950
Charlotte	1.5000	24,028,887
Citrus	1.5000	15,510,839
Clay	1.5000	14,991,355
Collier	1.2500	86,078,568
Columbia	1.5000	3,990,095
Dade	1.5000	334,757,600
Desoto	1.5000	2,455,161
Dixie	1.5000	823,073
Duval	1.5000	88,684,056
Escambia	1.2500	18,919,668
Flagler	1.5000	14,562,667
Franklin	1.0000	2,721,544
Gadsden	1.5000	2,204,332
Gilchrist	1.5000	1,024,479
Glades	0.5000	321,374
Gulf	0.3000	590,770
Hamilton	1.5000	1,083,641
Hardee	0.5000	812,139
Hendry	0.7230	1,520,199
Hernando	1.5000	14,997,845
Highlands	1.4250	8,311,127
Hillsborough	1.5000	112,770,978
Holmes	0.0000	0
Indian River	1.5000	23,950,359
Jackson	0.0000	0
Jefferson	1.5000	898,696
Lafayette	1.5000	350,796

<sup>14</sup> Email, Florida Department of Education (Oct. 9, 2009).

<sup>15</sup> Florida House of Representatives Appropriations staff calculation (Aug. 18, 2010).

Lake	1.5000	29,836,872
Lee	1.5000	97,644,894
Leon	1.5000	22,750,655
Levy	1.5000	3,094,582
Liberty	1.5000	373,011
Madison	1.5000	1,010,582
Manatee	1.5000	43,419,850
Marion	1.5000	28,625,336
Martin	1.5000	28,123,673
Monroe	0.5000	11,042,684
Nassau	1.3030	10,357,221
Okaloosa	1.5000	24,621,380
Okeechobee	1.5000	2,864,630
Orange	1.5000	145,201,589
Osceola	1.5000	32,680,638
Palm Beach	1.5000	212,964,160
Pasco	1.5000	36,133,260
Pinellas	1.5000	99,530,983
Polk	1.5000	46,834,516
Putnam	1.4990	5,983,237
St. Johns	1.5000	31,073,048
St. Lucie	1.5000	26,592,812
Santa Rosa	1.4000	11,907,879
Sarasota	1.5000	70,251,270
Seminole	1.4480	42,290,665
Sumter	1.5000	9,678,673
Suwannee	1.5000	2,364,315
Taylor	1.5000	2,016,860
Union	1.5000	362,144
Volusia	1.5000	47,844,665
Wakulla	1.5000	2,146,118
Walton	1.2230	16,549,770
Washington	1.5000	1,518,247
TOTALs		2,241,821,879

***May voters have a portion of their Discretionary Capital Outlay Levy reduced if they approve a local sales tax surcharge through a referendum?***

Yes. Voters may approve up to a ½ cent sales tax surcharge in order to raise capital outlay revenues and the school board may pass a resolution that includes a covenant to reduce the Discretionary Capital Outlay Levy while the surtax is in effect.<sup>16</sup>

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<sup>16</sup> Sections 212.055(6) and 1011.715, F.S.; see School Capital Outlay Surtax Fact Sheet.

***Where can I get additional information?***

***Florida Department of Education***

Office of Educational Facilities

(850) 245-0494

<http://www.fldoe.org/edfacil/>

***Florida House of Representatives***

Appropriations Committee

(850) 488-6204

<http://www.myfloridahouse.gov>

***Florida House of Representatives***

Education Committee

(850) 488-7451

<http://www.myfloridahouse.gov>